spirit maker

CORBY

Annual Report 1999

WHISKIES

Ballantine's Finest · Canadian Club · Canadian Club Classic · The Glendronach · Gooderham & Worts Ltd. · Hiram Walker Special Old

Laphroaig · Lot No. 40 · Maker's Mark · McGuinness Silk Tassel · Pike Creek · Royal Reserve

Scapa · Teacher's Highland Cream · Tullamore Dew · Wiser's De Luxe · Wiser's Special Blend · Wiser's Very Old

LIQUEURS AND EAUX DE VIE

Carolans Irish Cream · De Kuyper Peachtree Schnapps · Drambuie · Frangelico · Hiram Walker Peppermint Schnapps · Irish Mist

Kahlúa · McGuinness Black Russian · McGuinness Blue Curaçao · McGuinness Long Island Iced Tea · Meaghers Crème de Menthe · Opal Nera · Tia Maria

Barclay's · Courvoisier · D'Eaubonne V.S.O.P. Napoleon · Hennessy · Raynal Napoleon · Stock 84

WHITE SPIRITS

Beefeater · De Kuyper Geneva · Hornitos Tequila Sauza · Lamb's Navy · Lamb's Palm Breeze

Lamb's White · McGuinness Red Tassel · Polar Ice · Sauza Tequila Extra Gold · Sauza Tequila Blanco

VINTAGES

Dom Pérignon · Freixenet · Moët & Chandon · Aliança Vinho Verde · Balbi Malbec Syrah · Balbi Chenin Blanc

The Bend in the River · Albert Bichot Pinot Noir · Albert Bichot Chablis · Callaway Cabernet Sauvignon · Callaway Chardonnay · Calvet Reserve Bordeaux Red · Calvet Reserve Bordeaux White

Clos du Bois Merlot · Clos du Bois Sauvignon Blanc · Douro Foral · L'Epayrié Red · L'Epayrié White · Folonari Valpolicella

Folonari Soave · Giacondi Red · Giacondi White · Ruffino Chianti Classico · Ruffino Fonte al Sole · Tarapaca Cabernet Sauvignon · Tarapaca Sauvignon Blanc

Cockburn's Anno · Cockburn's Special Reserve · Harveys Bristol Cream · Harveys Isis · Stock Italian Vermouth · Stock Extra Dry Vermouth

WHISKIES

Corby owns a dominant 42.5% share of Canadian whisky sales, which account for more than one-quarter of all spirits consumed in Canada. Canadian Club is Canada's best-selling Canadian whisky. Corby Royal Reserve is the leading economy brand and, with Wiser's De Luxe, Corby has 3 of the top 10 selling spirits brands in Canada. The Whisky Guild – a trio of superb premium whiskies – won two silver medals and a commendation at the 1999 International Wines and Spirits competition. Led by Ballantine's and Teacher's, Corby also claims a 14% share of the scotch whisky segment, including premium single malts.

LIQUEURS AND EAUX DE VIE

Corby has a market-leading 33% share of liqueurs and a strong 24% share of brandy and cognac. The Kahlúa family, including the Ready to Go products, is now the seventh largest-selling brand in Canada. Corby's 45% owned Tia Maria leads the coffee segment in Québec. Courvoisier, Drambuie, Irish Mist and Hennessy are among the prestigious brands that bring an international flavour to the Corby Portfolio of Excellence.

WHITE SPIRITS

Corby accounts for a 21% share of the growing rum segment, which represents nearly one-fifth of the Canadian spirits market. The Lamb's family is Corby's bestseller, and the fourth largest-selling brand in the industry. Corby's 11% share of the vodka segment is led by fast-growing Polar Ice. Corby's 33% share of the gin segment is led by Beefeater and De Kuyper Geneva, both among Canada's top 50 brands. In the tequila segment, Corby represents Sauza, which claims a dominant 47% share.

VINTAGES

Corby is Canada's leading importer of fine wines, with 1.1 million cases shipped in fiscal 1999, with market leadership based in New World wines. We're also anticipating vintage numbers for Millennium celebrations – shipments of Champagne and sparkling wine are up by about 20%. Corby represents Moët & Chandon and Dom Pérignon, two of the most renowned Champagne brands, as well as Freixenet, the leading imported sparkling wine.

Corby, the *Spirit Maker*, is Canada's leading manufacturer and marketer of spirits, as well as the country's leading importer of wines. Corby's national leadership is sustained by our Portfolio of Excellence, the owned and represented brands that have built equity in the marketplace and deliver value for customers and shareholders.

Corby has been building brand value since 1859, and enters a new century with the broadest portfolio of spirits and wines in Canada, and market-leading share in both categories.

FINANCIAL HIGHLIGHTS

For the years ended August 31 (in thousands of dollars, except per share amounts)		*1999*		*1998*
Results				
Gross operating revenue	$	101,055	$	97,249
Earnings from operations		30,079		30,111
Earnings before income taxes		35,109		40,565
Net earnings		22,756		27,799
Cash flows from operating activities		17,154		32,035
Financial position at balance sheet date				
Working capital	$	64,043	$	62,836
Total assets		107,378		101,735
Long-term debt		39,000		43,000
Shareholders' equity		53,067		44,830
Per common share				
Net earnings	$	3.25	$	3.98
Dividends declared and paid		2.00		18.20
Shareholders' equity		7.58		6.41
Financial ratios				
Working capital		5.3		6.1
Debt/equity		0.7		1.0
Return on average shareholders' equity	%	46.5	%	29.3
Pre-tax return on average capital employed	%	38.6	%	34.3

Krystyna T. Hoeg CA
President and Chief Executive Officer

TO OUR SHAREHOLDERS

A PORTFOLIO OF EXCELLENCE

The Corby Portfolio of Excellence connotes quality for customers and value for shareholders. And year after year, it delivers on both.

The recognition of the brands in the Corby Portfolio of Excellence, and the regard in which they are held, create brand loyalty with customers and value for shareholders. The inherent value of the Corby brands is enhanced by our integrated marketing and sales force. Every member of the Corby team contributes to building trademark value for Corby, the Spirit Maker.

Corby is Canada's market leader in both spirits and wines. The Corby portfolio of owned and represented brands is the broadest in the business, and the best. Nine of the top 25 selling brands in Canada, and 13 of the top 50, belong to the Corby Portfolio of Excellence.

These brands are the foundation of our success.

BUILDING BRAND VALUE

The resulting value for shareholders in fiscal 1999 is detailed in the "Management's Discussion and Analysis."

The numbers add up to another solid year for Corby. But the numbers don't tell the story of the continuing change of the Corby culture. Corby is in the entertainment business. Our business is about pleasure. The choice of brands is a statement. And that choice, driven by perception and value, builds brand equity in the marketplace, which in turn creates shareholder value.

The process of thoughtful change management is ongoing, as we have focused on brands and markets. Along the way, we have created a national marketing and sales company.

We now look at markets, and brands, from a new perspective. While Corby has a strong presence in every province and territory, we realize higher operating margins in the larger provincial and metropolitan markets. Nearly 40% of our spirits sales are in the Ontario market, and half of those revenues within the Greater Toronto Area. Stated another way, one-fifth of our business is in the country's largest metropolitan market. This is why we've established our new corporate headquarters in downtown Toronto – not only to be close to that action, but also to be part of it.

We've moved aggressively into brand development and marketing, both owned and represented. Some proprietary brands are being repositioned, while our leadership in other spirits segments is enhanced by new entries. In our representational imported wine business, we are constantly on the lookout for new opportunities, particularly in New World wines.

Wine is a segment where Corby has established strong competitive advantage in the industry. We are the only leading national distilled spirits company that has built an international wine portfolio. One of our great strengths is a seamless supply management system, and the wine agencies create tremendous synergies in our sales and marketing efforts.

Our experience demonstrates that a strong wine portfolio stimulates spirits sales. Indicative of the importance we attach to the wine agency, we've recently created a new management position – Director of Wines.

SPIRIT MAKER: A LEADER FOR THE MILLENNIUM

We don't take our leadership position for granted, especially in the context of deregulation and globalization. While our business remains predominantly Canadian, it is definitely going global. Corby is currently developing export opportunities in Europe and the United States. The vodka segment alone in the U.S. is two and a half times the size of the total spirits market in Canada. Even the Canadian whisky segment in the U.S. is larger than the entire Canadian spirits market. We regard this as an opportunity for the millennium.

There are exciting developments in our home Canadian market. Now that the spirits industry is permitted to advertise in broadcast media, we've established a strong presence on television. Encouraged by the response to Canadian Club spots during the Stanley Cup playoffs last spring, we've placed exciting new CC ads on television. And we're taking our new message to the streets with a bold and bright billboard campaign for leading brands such as Kahlúa.

At the corporate level, we are completing our transition to a sales and marketing company. We've had our first full year at our new headquarters in the heart of Canada's financial and marketing centre. We've brought on the rest of our senior management team and completed the integration of the marketing and sales functions.

The results of the last year of this century, and the direction for the first years of the new century, would not have been achievable without Corby people giving the best of themselves for the benefit of customers and shareholders alike. They have the profound respect and deep thanks of management.

I also want to thank the Board of Directors for sharing and supporting the vision of management. I want to express my deep gratitude to John A. Giffen, who is stepping down as Chairman of the Board but will remain as a Director of the Corporation. His leadership, his institutional knowledge and his command of corporate governance have been instrumental in the repositioning of Corby. Without his unstinting support, we could not have moved ahead as we have in the last three years.

However, I am delighted to welcome George F. McCarthy as our new Chairman. As President, The Americas, Allied Domecq Spirits and Wine, he brings a wealth of knowledge of our brands and our markets, particularly of the vast potential of the U.S. export market.

Corby, the Spirit Maker, captures the essence of our proud heritage, which dates from 1859. It also points to our future, as we build the Portfolio of Excellence in a new century.

Krystyna T. Hoeg CA
President and Chief Executive Officer

Corby, the **spirit** maker, creates trends, expands partnerships, leverages brand strengths and delivers shareholder value, from one century, and one millennium, to the next.

trend maker

UNDERSTANDING OUR CUSTOMERS

Understanding our customers is a covenant. The equity in Corby brands represents trust. It's the core value of our relationship with millions of Canadians.

Corby's number one standing in both spirits and imported wines is sustained by anticipating trends and responding with appropriate products. Nine of the top 25 selling spirits brands in Canada belong to the Corby Portfolio of Excellence.


GOODERHAM
& WORTS LTD
Sauza

match maker

MANAGING THE BRAND EXPERIENCE

Managing the brand experience is a matter of influencing choice – customer choice. Every choice is a statement of perception, of price, of taste and of enjoyment.

Corby is the brand of choice in Canada because customer values match up with the value delivered by the Spirit Maker. Corby is also leveraging brand equity through marketing initiatives and building trademark value through sponsorships, promotions and advertising.


RUFFINO
RISERVA DUCALE
MOET

deal maker

EXPANDING OUR PARTNERSHIPS

Expanding our partnerships and broadening our Portfolio of Excellence in both spirits and imported wines are critical to enhancing Corby's market leadership in both categories.

By forging new relationships and securing new representational franchises, at home and abroad, Corby will continue to build market share in the new century.

brand maker

LEVERAGING OUR BRAND PORTFOLIO

Leveraging the Corby Portfolio of Excellence begins with brand equity, enhanced by strategic marketing and growing representational partnerships. It's produced a number one share of Canadian spirits sales, at 27.2%, and a number one share of imported wines.

The Corby portfolio is the broadest in the industry and the best in trademark value. It all adds up to shareholder value.

money maker

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MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

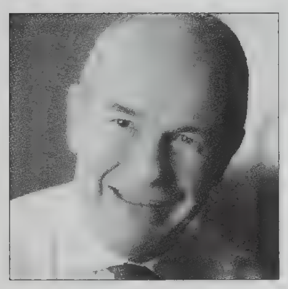
Corby Distilleries Limited (the "Corporation"), is Canada's leading marketer of distilled spirits. The Corporation's market share of the spirits industry increased to 27.2% from 26.9% during the fiscal year ended August 31, 1999 (fiscal 1999). The Canadian spirits market represented nearly 14 million cases over the period, and the Corporation's market share translates to more than 3.5 million cases of proprietary and represented brands. In a fiercely competitive market, every tenth of a point of market share represents about 14,000 cases, and the Corporation successfully increased its share by three-tenths of a point over the period.

The Corporation is also Canada's leading importer of wines, with fiscal 1999 shipments of 1.1 million cases, an increase of more than 6% over the previous fiscal year volume of 1.06 million cases.

The Corporation's continued leadership of both the spirits and imported wine categories produced another set of solid financial results. Net earnings for the year were $22.8 million or $3.25 per share compared with $27.8 million or $3.98 per share for the year ended August 31, 1998 (fiscal 1998). Excluding restructuring activities and the writedown of the former Corbyville production site, earnings from operations increased by over 1% to $35.3 million from $34.9 million.

IMPORTANT EVENTS

The Corporation continues to pursue a strategy whereby future growth will come from increased market share, coupled with improved margins on its growing portfolio of premium spirits and wine brands. Commensurate with this strategy, in fiscal 1998 the Corporation announced a corporate reorganization, an early retirement program and a plan to relocate its executive offices from Montréal to Toronto. In fiscal 1999, the Corporation announced a restructuring of its sales force in the key markets of Ontario, British Columbia and Québec, a further realignment of its corporate resources, and the decision to dispose of its former production site in Corbyville, Ontario. The costs incurred as a result of these actions were $4.8 million in fiscal 1998 and $5.2 million in fiscal 1999.



"OUR FOCUS IS TO HEIGHTEN AWARENESS OF CORBY BRANDS IN THE MAJOR METROPOLITAN MARKETS, TO INCREASE VOLUMES AND IMPROVE MARGINS. OUR CORPORATE REALIGNMENT REFLECTS THIS IMPORTANT STRATEGIC GOAL."

James Keon
Executive Vice President

"THE CHALLENGE ISN'T SIMPLY IN SETTING AGGRESSIVE FINANCIAL TARGETS, IT'S IN MEETING THEM. WE'RE DETERMINED TO MAKE CONTINUED PROGRESS IN ORDER TO INCREASE THE RETURNS TO OUR INVESTORS."

John Nicodemo
CFO, Vice President, Finance & Commercial Services

The Corporation successfully renegotiated its agency, bottling and administrative services agreements with Hiram Walker & Sons Limited, a subsidiary of Allied Domecq PLC. Under the terms of the agreements, Hiram Walker & Sons Limited will bottle virtually all of the Corporation's brands and will provide to the Corporation certain administrative services. Previous agreements, entered into in 1991, were to expire on September 30, 1999. The renegotiated agreements provide for a term of one year to September 30, 2000. Renegotiated terms will result in additional costs to the Corporation in the one-year period of $1.35 million.

FINANCIAL RESULTS

Net earnings amounted to $22.8 million or $3.25 per share for fiscal 1999 compared with $27.8 million or $3.98 per share for the corresponding period last year. Fiscal 1999 and 1998 results include pre-tax charges to earnings of $5.2 million and $4.8 million, respectively, stemming primarily from the restructuring activities associated with the recent corporate reorganizations and the writedown in value of its former Corbyville production site. Fiscal 1999 results also include pre-tax interest charges of $1.9 million versus $0.1 million last year as a result of the increase in long-term debt resulting from the change to the Corporation's capitalization structure in mid-fiscal 1998. Excluding the effects of restructuring activities, the writedown of the former Corbyville production site, interest charges and last year's $3.7 million foreign exchange gain, net earnings were $26.9 million for fiscal 1999 and 1998.

Gross operating revenue, consisting of sales and commission income, amounted to $101.1 million for fiscal 1999 compared with $97.2 million for fiscal 1998, an increase of 4%. Sales amounted to $84.8 million this year compared with $82.6 million last year, an improvement of almost 3%. This improvement was due primarily to a 2% increase in volume coupled with a general 1% increase in selling prices. Commissions increased 12% from $14.6 million to $16.3 million primarily on the strength of volume and premium category growth.

"We're operating in a context of globalization and consolidation of our industry. It's up to us to anticipate market developments and create new market share, and to create growth opportunities as the industry evolves."

Chris Chan
Vice President, Strategic Planning

"Our marketing focus is on building strong, recognizable, exciting brand propositions that our target consumers find motivating and relevant. Strong brands mean stronger sales and, ultimately, stronger shareholder value."

Joanne Bjarnason
Vice President, Marketing

"The challenge of human resource management is to find the right people for the right jobs, to help them reach the next level of personal development and professional achievement. Enhanced human productivity means enhanced results and, ultimately, enhanced shareholder value."

Brenda M. Brown
Vice President, Human Resources & Corporate Secretary

The Corporation's consolidated gross profit margins declined slightly to 58.4% from 59.0% as a result of continued increases in the costs of aged whiskies. For fiscal 1999, marketing, sales and administration expenses amounted to $29.5 million compared with $27.7 million for fiscal 1998, an increase of over 6%. This increase came in the form of additional direct brand investment in fiscal 1999. The Corporation continues to invest behind its core brands in the form of direct brand marketing and new product development.

The Corporation's share of net earnings from Tia Maria amounted to $7.0 million for fiscal 1999 compared with $6.9 million for fiscal 1998. Revenues from Tia Maria were up 9% over fiscal 1998 primarily as a result of volume growth. The increase in revenues was offset by a reduction in investment income within the Tia Maria Group, stemming from its £35 million ($83 million) cash dividend distribution last year.

The income tax provision for fiscal 1999 amounted to $12.4 million compared with $12.8 million for fiscal 1998. The tax provisions reflect effective tax rates of 35.2% and 31.5% for fiscal 1999 and 1998, respectively.

CASH FLOW ANALYSIS

The Corporation's operating activities contributed $17.2 million to cash for fiscal 1999 compared with $32.0 million for fiscal 1998. Excluding the cash flow effects of the $15.6 million special purchase of bulk whisky inventory in fiscal 1998 and the receipt of cash dividends from Tia Maria of $1.8 million in fiscal 1999 and $34.0 million in fiscal 1998, cash flows from operating activities were $15.4 million versus $13.6 million last year.

Cash flows used in financing activities of $17.6 million were primarily for the payment of regular dividends of $2.00 per share or $14.0 million. Long-term debt was reduced by $4.0 million during the year. Cash used for financing activities in fiscal 1998 of $83.5 million resulted from the payment of special dividends of $16.50 per share totalling $115.4 million, plus regular dividends of $1.70 per share totalling $11.9 million. Offsetting this use of funds, the Corporation issued $43.0 million of long-term debt and raised $0.8 million from the issuance of capital stock last year.

The overall effect of the Corporation's operating, investing and financing activities resulted in the Corporation's long-term debt decreasing by $4.0 million and a closing net cash overdraft of $2.4 million as at August 31, 1999.

BALANCE SHEET

Working capital of $64.0 million as at August 31, 1999, compares with $62.8 million as at August 31, 1998. The increase in working capital during the year is due primarily to an increase in accounts receivable from a related party that was subsequently collected in September 1999. The Corporation's working capital ratio as at August 31, 1999, stood at 5.3 compared with 6.1 as at August 31, 1998.

Pre-tax return on average capital employed amounted to 38.6% for fiscal 1999 compared with 34.3% for fiscal 1998.

Shareholders' equity as at August 31, 1999, amounted to $53.1 million compared with $44.8 million as at August 31, 1998. The Corporation's return on average shareholders' equity amounted to 46.5% compared with 29.3% a year earlier.

YEAR 2000

The Year 2000 issue, or Y2K issue, arises from computer programs that use only two digits to record the year in operation. On January 1, 2000, when the year is designated as "00," computer systems may create erroneous data as a result of interpreting the date as another year.

The Corporation's essential internal systems are Y2K compliant. The Corporation has adopted a standardized testing methodology for Y2K compliance. Based on information available at this time, the Corporation believes it has the necessary resources to identify and implement any remaining changes necessary to reduce the likelihood of business disruption due to the Y2K issue. The situation will bear close monitoring given our systemic relationship with customers, suppliers and other third parties who may still be addressing Y2K-related issues of their own.

"Besides producing Corby brands, we maximize our Montréal facility and space by bottling and storing representational brands. We have storage space for up to half a million cases of product. No one makes better brands, and no one ages them better than Corby."

Yves De Repentigny
Plant Manager

"The international market, especially the U.S., represents tremendous potential for our proprietary premium brands. The vodka segment alone in the U.S. is two and a half times the entire Canadian spirits category. We look at it as a niche market for us, a big niche market."

Howard Kirke
Vice President, International Markets

"Corby is setting up its distribution and sales network in the United States, Western Europe and the Far East in a determined and focused manner. As we open markets for Wiser's, Polar Ice and the Whisky Guild, we are forming strong partnerships with individuals and companies that are leaders in their respective markets."

David Stainton
Legal Counsel

OUTLOOK

The Corporation continues to grow its position as Canada's leading marketer of spirits and wines. Modest margin increases, coupled with an overall Canadian spirits market growth rate of 2.6%, have led the Corporation to continue to actively target growth opportunities at home and abroad.

The Corporation has vigorous brand representation in the white goods and liqueurs categories, which represent 59% of the Canadian spirits market. This is the growth segment of the industry, with a strong 3.8% increase in consumption. The Corporation nearly doubled that trend with an encouraging 6.5% increase, and plans to build on this success.

The challenge for the Corporation will be to turn its 42.5% share of the Canadian whisky segment into positive growth and reverse the 0.5% decline that this category experienced in Canada. The Corporation is taking significant advertising and promotional initiatives in support of its flagship brands.

The Corporation continues to expand its wine agency, already the largest imported wine business in Canada, with 1.1 million cases in the fiscal period. The Corporation's emphasis on wines has created a strong market niche that also brings diversity to the portfolio and achieves strategic competitive advantage.

Although the Corporation's international strategy is at an early stage, progress has been made, particularly in the important European and United States markets, for expansion of trademark and profit potential.

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Corporation were prepared by management in conformity with accounting principles generally accepted in Canada. The significant accounting policies, which management believes are appropriate for the Corporation, are described in the accompanying "Summary of Significant Accounting Policies." The financial information contained elsewhere in this Annual Report is consistent with that in the financial statements.

Management is responsible for the integrity and objectivity of the information contained in the financial statements and the "Management's Discussion and Analysis," including that which is based on estimates and judgments when transactions affecting the current accounting period are dependent upon future events. Management has established systems of internal control that are designed to provide reasonable assurance that assets are safeguarded from losses or unauthorized use, and to produce reliable accounting records for the preparation of financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board has constituted an Audit Committee of directors who are not members of management. The Committee meets periodically with management, the internal auditors and the external auditors to receive reports on internal accounting controls and audit results, and to review accounting principles and practices. The Committee also reviews the financial statements and the external auditors' report to the shareholders prior to submission to the Board of Directors for approval.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards and applicable laws, and maintains proper standards of conduct for its activities.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Corby Distilleries Limited as at August 31, 1999, and August 31, 1998, and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at August 31, 1999, and August 31, 1998, and the results of its operations and its cash flows for the years then ended, in accordance with generally accepted accounting principles.

KPMG LLP

KPMG LLP
Chartered Accountants, Toronto, Canada, October 28, 1999

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended August 31 (in thousands of dollars, except per share amounts)	*1999*	*1998*
Operating revenue		
Sales	$ 84,752	$ 82,639
Commissions	16,303	14,610
Gross operating revenue	101,055	97,249
Operating costs		
Cost of sales	35,269	33,910
Marketing, sales and administration	29,532	27,731
Amortization	926	745
Writedown of properties held for resale *(note 6)*	2,341	–
Restructuring activities *(note 3)*	2,908	4,752
Total operating costs	70,976	67,138
Earnings from operations	30,079	30,111
Equity in net earnings of companies subject to significant influence	6,972	6,861
Foreign exchange gain *(note 9)*	–	3,709
Interest expense, net	(1,942)	(116)
Earnings before income taxes	35,109	40,565
Income taxes *(note 4)*	12,353	12,766
Net earnings	$ 22,756	$ 27,799
Net earnings per share	$ 3.25	$ 3.98

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the years ended August 31 (in thousands of dollars)	*1999*	*1998*
Retained earnings – beginning of year	$ 34,641	$ 134,162
Net earnings	22,756	27,799
	57,397	161,961
Dividends declared and paid	13,992	127,320
Retained earnings – end of year	$ 43,405	$ 34,641

See accompanying notes to consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENTS

For the years ended August 31 (in thousands of dollars)	*1999*	*1998*
Cash flows from (used in) operating activities		
Net earnings	$ 22,756	$ 27,799
Amortization	926	745
Deferred income taxes	(2,051)	(622)
Equity earnings lower than (in excess of) dividends received	(5,153)	27,092
Deferred pension costs	649	(18)
Writedown of properties held for resale *(note 6)*	2,341	–
Changes in non-cash working capital *(note 10)*	(2,314)	(22,961)
Cash flows from operating activities	17,154	32,035
Cash flows from (used in) investment activities		
Additions to capital assets	(1,542)	(722)
Proceeds on disposal of capital assets	–	8
Cash flows used in investment activities	(1,542)	(714)
Cash flows from (used in) financing activities		
Dividends paid	(13,992)	(127,320)
Increase (decrease) in long-term debt	(4,000)	43,000
Proceeds on issuance of capital stock	413	776
Cash flows used in financing activities	(17,579)	(83,544)
Net decrease in cash equivalents*	(1,967)	(52,223)
Cash equivalents – beginning of year*	(447)	51,776
Cash equivalents – end of year*	$ (2,414)	$ (447)

**Cash equivalents comprise short-term investments net of bank indebtedness.*

For the years ended August 31	*1999*	*1998*
Income taxes paid	$ 14,656	$ 15,855
Interest paid	$ 2,306	$ 1,281
Interest received	$ 223	$ 870

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

	As at August 31 (in thousands of dollars)	*1999*	*1998*
Assets	Current assets		
	Accounts receivable	$ 30,971	$ 27,562
	Inventories	44,262	44,978
	Prepaid expenses	2,847	2,596
	Deferred income taxes	860	–
		78,940	75,136
	Long-term investments	13,712	9,499
	Capital assets *(note 6)*	7,039	8,522
	Deferred pension costs	2,727	3,376
	Goodwill, net of accumulated amortization	4,960	5,202
		$ 107,378	$ 101,735
Liabilities	Current liabilities		
	Bank indebtedness	$ 2,414	$ 447
	Accounts payable and accrued liabilities	10,745	11,843
	Income and other taxes payable	1,738	10
		14,897	12,300
	Long-term debt *(note 8)*	39,000	43,000
	Deferred income taxes	414	1,605
		54,311	56,905
Shareholders' Equity	Share capital *(note 5)*	9,767	9,354
	Retained earnings	43,405	34,641
	Cumulative translation adjustments *(note 9)*	(105)	835
		53,067	44,830
		$ 107,378	$ 101,735

See accompanying notes to consolidated financial statements.

Signed on behalf of the Board

Micheline Bouchard
Director

Garth M. Girvan
Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended August 31, 1999, and August 31, 1998

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Corporation's accounting policies conform with accounting principles generally accepted in Canada and are summarized below.

Consolidation

The consolidated financial statements include the accounts of all subsidiaries and the Corporation's equity in companies over which it exercises significant influence.

Revenue Recognition

Sales and commissions are recognized upon shipment to the customer.

Foreign Currency Translation

The foreign companies in which the Corporation has long-term investments are of a self-sustaining nature. Gains or losses on translation are shown as a separate component in shareholders' equity. These are calculated by translating assets and liabilities at the exchange rates in effect at the balance sheet dates, and by translating revenues and expenses at the average exchange rates for the periods. The monetary assets and liabilities of the Corporation that are denominated in foreign currencies are translated at exchange rates in effect at the balance sheet dates. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates. All exchange gains or losses are recognized currently in earnings.

Inventories

Inventories are stated at average cost not exceeding net realizable value. They include barreled whiskies that will remain in storage over a period of years, but that are classified as current assets in accordance with the general practice of the distilling industry.

Long-Term Investments

The Corporation's 45% equity in the Tia Maria Group of companies, over which it exercises significant influence, is accounted for using the equity method. Under this method, the original cost of the shares is adjusted for the Corporation's share of post-acquisition earnings or losses, less dividends.

Capital Assets

Buildings and machinery and equipment are carried at cost, less accumulated amortization. Amortization is provided for on the straight-line basis over periods of 1 to 40 years depending on the nature of the asset. One-half rates are applied to assets in the year of acquisition.

Pensions

The net pension cost or credit of the various plans includes the cost of pension benefits related to employees' services during the current period and the amortization of the difference between the pension fund assets and the actuarial value of accrued pension benefits for services rendered to date. Amortization is provided for on a straight-line basis over the expected average remaining service life of the employee groups covered by the plans.

Goodwill

Goodwill, representing the excess of acquisition costs over amounts assigned to net identifiable assets of companies acquired, is amortized on the straight-line basis over periods of 25 to 40 years and written down when there has been a permanent impairment in value. The Corporation assesses at each balance sheet date whether there has been a permanent impairment in the value of goodwill. This is accomplished mainly by determining whether projected undiscounted future operating results exceed the net book value of goodwill as of the assessment date.

Post-Retirement Benefits

The Corporation provides certain life insurance, medical and dental benefits to retired employees. The costs of these benefits are recognized as they are incurred by the retirees and paid by the Corporation.

Measurement Uncertainty

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2

RELATED PARTY TRANSACTIONS

Hiram Walker & Sons Limited, a wholly owned subsidiary of Allied Domecq PLC, owns in excess of 50% of the issued voting common shares of the Corporation. Information relative to transactions and balances with parent and affiliated companies includes the following.

Commercial Transactions

(in thousands of dollars)				Amount of the transactions	
	Nature of transaction	*Nature of relationship*	*Financial statement category*	*1999*	*1998*
I	The Corporation renders blending and bottling services	Parent company	Sales	$ 912	$ 1,005
II	The Corporation sells certain of its products for resale at an export level	Common control companies	Sales	$ 196	$ 215
III	The Corporation renders services, as the sole and exclusive representative, for purposes of marketing and sales of beverage alcohol products in Canada	Parent company, companies subject to significant influence, ultimate parent company and common control companies	Commissions	$ 10,662	$ 10,494
IV	The Corporation sub-contracts virtually all of its distilling, blending, bottling, storing and production administration activities	Parent company	Cost of sales	$ 14,270	$ 15,668
V	The Corporation sub-contracts an important portion of its bookkeeping, record keeping services, certain administrative services, related data processing, and maintenance of data processing activities	Parent company	Marketing, sales and administration	$ 1,773	$ 1,949
VI	The Corporation purchases bulk inventory	Parent company	Inventory/Cost of sales	$ –	$ 15,630

NOTE 2 *(continued)*

RELATED PARTY TRANSACTIONS

These transactions, which are settled the following month, are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Transactions in sections III, IV and V above are covered under the terms of agreements with related parties that expired on September 30, 1999. These agreements included a non-competition clause whereby the Corporation ceded its rights to selling beverage alcohol in bulk in favour of its parent company. These agreements, which were set to expire on September 30, 1999, have been renegotiated for an additional one-year term to September 30, 2000, at an additional annual cost to the Corporation of $1.35 million beginning on October 1, 1999.

Financial Transactions

(in thousands of dollars) Nature of transaction	*Nature of relationship*	*Financial statement category*	*Amount of the transactions* 1999	1998
The Corporation invested its surplus cash in the form of commercial paper and/or interest-bearing advances	Common control company	Interest	$ 223	$ 608

Interest on advances is determined based on the average 30-day bankers' acceptance interest rate.

Balances

As at August 31 (in thousands of dollars)	1999	1998
Amounts included in accounts receivable		
Parent company	$ 1,899	$ –
Common control companies	1,741	665
	$ 3,640	$ 665
Amounts included in accounts payable and accrued liabilities		
Parent company	$ –	$ 336
Common control companies	1,277	1,810
Companies subject to significant influence	–	51
	$ 1,277	$ 2,197

NOTE 3

RESTRUCTURING ACTIVITIES

In fiscal 1998, the Board of Directors endorsed a realignment of the Corporation's strategy and thereby approved a reorganization of its corporate and commercial activities and a relocation of its executive offices from Montréal to Toronto. As a result of this reorganization, the Corporation recorded a charge to earnings in fiscal 1998 of $4,752,000 for costs, such as severance payments and relocation costs, of which $2,723,000 was accrued as at August 31, 1998.

In fiscal 1999, the Corporation incurred additional cash costs of $908,000 to complete the reorganization. The Corporation also announced a restructuring of its sales force in the key markets of Ontario, British Columbia and Québec, a further realignment of its corporate resources, and the writedown of its surplus properties held for resale to better reflect their anticipated net realizable value. The cost of the sales force restructuring was estimated to be $2,000,000, which has been fully accrued as at August 31, 1999. As a result, the total charge to earnings for restructuring activities in fiscal 1999 was $2,908,000.

NOTE 4 — INCOME TAXES

For the years ended August 31 (in thousands of dollars)	*1999*	*1998*
Current	$ 14,404	$ 13,388
Deferred	(2,051)	(622)
	$ 12,353	$ 12,766

The effective tax rates of 35% for the year ended August 31, 1999, and 32% for the year ended August 31, 1998, differ from the basic Federal and Provincial rates due to the following:

For the years ended August 31	*1999*	*1998*
Combined basic Federal and Provincial tax rates	% 43	% 43
Equity in net earnings of companies subject to significant influence	% (9)	% (7)
Foreign exchange gain on dividends received from companies subject to significant influence	–	% (4)
Other	% 1	–
	% 35	% 32

NOTE 5 — SHARE CAPITAL

As at August 31 (in thousands of dollars, except number of shares)	*1999*	*1998*
Number of shares authorized		
Voting Class A Common Shares – no par value	Unlimited	Unlimited
Non-Voting Class B Common Shares – no par value	Unlimited	Unlimited
Number of shares issued and fully paid		
Voting Class A Common Shares	6,068,580	6,068,580
Non-Voting Class B Common Shares	937,031	920,456
	7,005,611	6,989,036
Share capital	$ 9,767	$ 9,354

In prior years, the Corporation established a Non-Voting Class B Common Share Option Plan and set aside 200,000 Non-Voting Class B Common Shares. During the current period, 2,965 options of Non-Voting Class B Common Shares were cancelled (August 1998 – 12,865) and employee stock options were exercised for the purchase of 16,575 Non-Voting Class B Common Shares (August 1998 – 22,895) for an aggregate cash consideration of $413,000 (August 1998 – $776,000). At August 31, 1999, options for 76,855 Non-Voting Class B Common Shares (August 1998 – 81,795) had been granted and were outstanding at prices ranging from $2.89 to $67.00 per share. These options expire in the years 2000 to 2009.

The issuance of all the reserved shares under the Plan would not have a material diluting effect on the Corporation's earnings per share.

NOTE 6

CAPITAL ASSETS

As at August 31 (in thousands of dollars)	*Cost*	*Accumulated amortization*	*1999 Net book value*	*1998 Net book value*
Land	$ 638	–	$ 638	$ 638
Buildings	5,546	$ 3,430	2,116	2,209
Machinery and equipment	8,813	5,441	3,372	2,383
	$ 14,997	$ 8,871	6,126	5,230
Assets held for resale at lower of carrying costs and net realizable value			913	3,292
			$ 7,039	$ 8,522

During the year ended August 31, 1999, the Corporation wrote down its assets held for resale by $2,341,000 to reflect an independent appraisal. This writedown corresponded to a change in the Corporation's strategy regarding planned use of surplus properties.

NOTE 7

PENSIONS

The funded status of the Corporation's pension plans based on actuarial reports as at various dates and updated to give effect to events to August 31, 1999, and August 31, 1998, is as follows:

As at August 31 (in thousands of dollars)	*1999*	*1998*
Fair value of pension plans assets	$ 43,111	$ 37,319
Fair value of accrued pension benefits for services rendered to date	31,118	30,529
Fair value of plan assets in excess of accrued pension benefit obligations	$ 11,993	$ 6,790

The net pension expense for the period amounts to $427,000 (August 1998 – $829,000, including $389,000 charged to restructuring activities). The Corporation contributed to the pension plans during the year ended August 31, 1999, the amount of $186,000 (August 1998 – $458,000).

NOTE 8

LONG-TERM DEBT

As at August 31 (in thousands of dollars)	*1999*	*1998*
Bankers' acceptance, interest rate of 4.8% (August 1998 – 5.9%)	$ 39,000	$ 43,000

Bankers' acceptance are borrowings under a committed revolving bank credit facility that provides the Corporation the right to borrow up to $50 million at the bankers' acceptance floating rates repayable in full on March 20, 2005.

Interest expense on long-term debt for the year was $2,298,000 (1998 – $1,074,000).

NOTE 9

CUMULATIVE TRANSLATION ADJUSTMENTS

For investments in self-sustaining operations, cumulative translation adjustments represent deferred foreign exchange gains and losses on the translation of the accounts of foreign companies. These valuation adjustments are recognized in earnings only when there is a reduction in the Corporation's investment in the respective foreign companies.

As at August 31 (in thousands of dollars)	*1999*	*1998*
Balance – beginning of year	$ 835	$ 1,877
Foreign exchange gain on dividends received and recognized in earnings	–	(3,709)
Translation adjustment of long-term investments	(940)	2,667
Balance – end of year	$ (105)	$ 835

NOTE 10

CHANGES IN NON-CASH WORKING CAPITAL

For the years ended August 31 (in thousands of dollars)	*1999*	*1998*
(Increase) decrease in		
Accounts receivable	$ (3,409)	$ (5,459)
Inventories	716	(15,292)
Prepaid expenses	(251)	(321)
Increase (decrease) in		
Accounts payable and accrued liabilities	(1,098)	1,100
Income and other taxes payable	1,728	(2,989)
Increase in non-cash working capital	$ (2,314)	$ (22,961)

NOTE 11

FINANCIAL INSTRUMENTS

Credit Risk

The Corporation's accounts receivable are substantially with Provincial liquor boards, which virtually eliminates credit risk.

Fair Values

The financial instruments used by the Corporation are limited to short-term financial assets and liabilities and long-term debt. Short-term financial assets consist of accounts receivable. Short-term financial liabilities consist of bank indebtedness, accounts payable and accrued liabilities. The carrying amounts of these short-term assets and liabilities are a reasonable estimate of the fair values, given the short-term maturity of those instruments. Long-term debt is comprised of banker's acceptance, the carrying values of which approximate their fair values since they bear interest at a current interest rate.

NOTE 12

COMMITMENTS

Future minimum payments under operating leases and contractual commitments for premises and equipment for the next five years and thereafter are as follows:

As at August 31 (in thousands of dollars)	*1999*	*1998*
1999	$ –	$ 2,107
2000	1,018	991
2001	995	832
2002	849	568
2003	608	385
2004	474	406
Thereafter	1,554	1,501
	$ 5,498	$ 6,790

NOTE 13

UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure, which could affect the Corporation's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation, including those related to the efforts of customers, suppliers or other third parties, will be fully resolved.

NOTE 14

SEGMENTED INFORMATION

The Corporation's activities consist of the production of spirits, along with the distribution of spirits, imported wines and liqueurs.

For the year ended August 31, 1999, and the year ended August 31, 1998, the Corporation's gross revenue and identifiable assets are all attributable to its domestic Canadian operations. Export sales account for less than 10% of gross revenue. The Corporation's equity in net earnings of companies subject to significant influence is derived principally from European-based operations.

In fiscal 1999, sales to three major customers accounted for 30%, 12% and 10%, respectively, of gross operating revenue (fiscal 1998 - 31%, 12% and 11%).

TEN-YEAR REVIEW

		Year ended August 31			Six months ended August 31	Year ended February 28/29					
	1999	1998	1997	1996	1995	1995*	1994*	1993	1992	1991	1990
Results (in millions of dollars)											
Gross operating revenue	101.1	97.2	92.1	84.5	40.6	88.4	93.4	99.5	100.3	103.7	112.9
Earnings from operations	30.1	30.1	32.4	30.4	12.5	33.4	35.6	42.4	16.6	27.6	21.2
Earnings before extraordinary item excluding after-tax restructuring costs	25.7	30.5	29.2	26.7	12.4	28.4	32.4	34.7	28.0	21.1	15.6
Net earnings	22.8	27.8	28.5	26.7	12.4	28.6	30.0	34.7	15.5	21.1	20.4
Cash provided from operations	17.2	32.0	21.3	22.4	14.0	22.3	17.6	37.5	26.5	34.4	8.3
Year-end position (in millions of dollars)											
Working capital	64.0	62.8	92.1	90.4	79.8	62.8	49.2	146.9	121.8	114.1	96.8
Total assets	107.4	101.7	161.9	144.1	120.8	115.5	209.5	191.4	167.0	162.2	140.4
Long-term debt	39.0	43.0	–	–	–	–	–	–	–	–	–
Shareholders' equity	53.1	44.8	144.6	128.7	109.9	104.1	81.4	173.3	147.3	137.6	120.9
Per common share (in dollars)											
Net earnings before extraordinary item excluding after-tax restructuring costs	3.67	4.37	4.16	3.77	1.75	4.02	4.62	4.94	4.01	3.03	2.25
Net earnings	3.25	3.98	4.06	3.77	1.75	4.05	4.27	4.94	2.22	3.03	2.94
Cash provided from operations	2.45	4.59	3.03	3.17	1.98	3.16	2.50	5.33	3.78	4.93	1.20
Shareholders' equity	7.58	6.41	20.76	18.20	15.56	14.76	11.54	24.67	21.01	19.74	17.38
Special dividend paid	–	16.50	–	–	–	–	16.50	–	–	–	–
Dividends paid	2.00	1.70	1.28	1.24	0.62	1.15	1.12	1.07	0.88	0.76	0.72
Market value per common share (in dollars)											
High	88.00	76.50	58.00	46.00	38.00	40.00	58.13	54.00	56.00	37.00	31.38
Low	67.00	54.75	40.75	37.75	31.50	33.00	37.13	42.00	35.00	28.75	24.00
Close at end of year	70.00	73.00	55.00	43.00	37.75	33.75	37.13	48.25	51.00	36.25	29.25
Other statistics											
Working capital ratio	5.3	6.1	7.1	7.8	9.7	7.3	1.4	9.2	7.4	6.4	6.8
Pre-tax return on average capital employed	38.6	34.3	31.6	33.6	44.8	45.8	38.0	35.4	17.5	27.4	22.6
Earnings from operations as a % of gross revenue	29.8	31.0	35.2	36.0	30.7	37.8	38.1	42.6	16.5	26.6	18.8
Return on average shareholders' equity	46.5	29.3	20.9	22.3	30.3	30.8	23.6	21.6	10.9	16.3	13.8
Number of shareholders	891	933	985	1,068	1,136	1,174	1,192	1,308	1,369	1,513	1,661
Number of shares outstanding (in thousands)	7,006	6,989	6,966	7,071	7,060	7,058	7,057	7,024	7,009	6,968	6,959
Average number of employees	156	155	164	148	154	153	170	173	252	425	510
Segmented information (in millions of dollars)											
Gross operating revenue from Canadian operations	101.1	97.2	92.1	84.5	40.6	88.4	93.4	99.5	100.3	103.7	109.4
Pre-tax earnings from Canadian operations	30.1	30.1	34.2	33.3	15.0	35.4	44.3	51.7	23.8	33.6	20.8
Net earnings before extraordinary item											
Canadian operations	15.8	20.9	19.3	19.2	8.8	20.8	25.6	29.4	14.2	18.5	12.1
Foreign operations	7.0	6.9	9.2	7.5	3.6	7.8	4.4	5.3	1.3	2.6	3.5

*Restated

DIRECTORS AND OFFICERS

DIRECTORS

Micheline Bouchard
Chairman, President and
Chief Executive Officer
Motorola Canada Limited
North York, Ontario
(Year Elected 1988)

John A. Giffen
Company Director
Windsor, Ontario
(Year Elected 1980)

Garth M. Girvan
Partner
McCarthy Tétrault
Barristers and Solicitors
Toronto, Ontario
(Year Elected 1998)

Krystyna T. Hoeg
President and
Chief Executive Officer
of the Corporation
(Year Elected 1996)

Martin A. Jones
President and
Chief Executive Officer
Allied Domecq Spirits, USA
Westport, Connecticut, USA
(Year Elected 1992)

Robert L. Llewellyn
Company Director
Toronto, Ontario
(Year Elected 1999)

George F. McCarthy
Chairman of the Board
President, The Americas
Allied Domecq Spirits
and Wine
Westport, Connecticut, USA
(Year Elected 1993)

Fred A. Mommersteeg
Director of Business Systems
The Americas
Allied Domecq Spirits
and Wine
Windsor, Ontario
(Year Elected 1998)

OFFICERS

George F. McCarthy
Chairman of the Board

Krystyna T. Hoeg
President and
Chief Executive Officer

James Keon
Executive Vice President

Joanne Bjarnason
Vice President,
Marketing

Brenda M. Brown
Vice President,
Human Resources &
Corporate Secretary

Christopher Chan
Vice President,
Strategic Planning

Howard Kirke
Vice President,
International Markets

John Nicodemo
Chief Financial Officer,
Vice President, Finance &
Commercial Services

BOARD COMMITTEES

Executive Committee

George F. McCarthy
Chairperson

John A. Giffen
Garth M. Girvan
Krystyna T. Hoeg

Audit Committee

Micheline Bouchard
Chairperson

Garth M. Girvan
Fred A. Mommersteeg

Independent Committee

Robert L. Llewellyn
Chairperson

John A. Giffen
Micheline Bouchard
Garth M. Girvan

Retirement Board Committee

Krystyna T. Hoeg
Chairperson

Robert L. Llewellyn
John Nicodemo
Brenda M. Brown

Management Resources Committee

Robert L. Llewellyn
Chairperson

John A. Giffen

Corporate Governance & Nominating Committee

Garth M. Girvan
Chairperson

Micheline Bouchard
Martin A. Jones

CORBY THANKS ALL OUR PEOPLE FOR MAKING 1999 SUCH A SUCCESSFUL YEAR

Dave Barber Gisèle Baril Talaal Baroudi David Barwise Marc-André Bazinet Sylvie Beaudin Joe Becigneul Stacey Beckett
Nick Bevan Ryan Bieber Joanne Bjarnason Dale Blaire Pierre Blouin April Brice Lucien Brouillette Brenda Brown
Kelly Burns-Coady Craig Burrows Brian Butler Caroline Cantin Tracy Carrick Bob Carriere Dino Ceccucci Chris Chan
Anne-Marie Chéné Nancy Cleiren Jim Coote Carol Cope Jean-François Côté Larry Crawford Mark Cruikshank
Krisztina Cseh Roy Dacosta John Daigle Marielle Daoust André Delorme Yves DeRepentigny Kirsten Devitt Peter diBella
Bill Duff Allison Duffy Shirley Duhaime Mario Evangelista Mario Felx Brad Fletcher Scott Forrest Carmen Fournier
Peter Freudenreich Jean-Paul Gadoury Lucy Galloro Robert Girard Jean-Guy Gonthier Ross Graham John Grant Linda Gural
Ken Gustafson Bill Haddleton Raymond Hajjar Lillian Hallmark Bill Hamilton Michelle Hutchinson-Harris Randy Haug
Ken Hinds Krystyna Hoeg Rick Hollihan Steve Huitikka Bob Hupka Bruce Kahan Russ Kent Jim Keon Rocky Khanna
Sharon Kilpatrick Howard Kirke François Lachapelle André Lapointe Dale Larsen Lyle Larson Erin Latimer
Josée Lauzon Rejean Lauzon Rodrigue Lebel Allison Leblanc Diane Légaré Hubert Lemay Yvon Lemire Debbie Lennie
Mary MacIsaac Derrick McBride Dan McCarthy George McFarlane Carol McKenzie Sarah McNab Mike McNulty
Mike McPhail Tess Michelis Bruce Miller Perry Mirich Karrie Morris Andrew Mudge Inez Nangle Albert Nardella
John Nicodemo Andy Paul Andrew Pegg Gilles Pépin Anne-Marie Phaneuf Ju-Ann Phoa Michelle Poliquin Jim Quigg
Bill Robbins Sean Ross Vaughan Ryan Cynthia Schauffert Rose Marie Scott Valerie Senger Peter Sgromo
Peter Siemers Dave Smith Bill Stefanunk Martina Stodt Janice Sykes Steve Thurlow Marianna Tralli Scott Turner
Bill Underhill Pierino Vittori Larry Willard Marlene Williams Winston Worthman Suzanne Ylkos Gina Zapras

GENERAL INFORMATION

Transfer Agent and Registrar
Montreal Trust Company of Canada

Auditors
KPMG LLP

Bankers
The Royal Bank of Canada
Bank of Montreal

Solicitors
McCarthy Tétrault

Annual Meeting of Shareholders
Wednesday, January 19, 2000
at 11 o'clock in the forenoon
Arcadian Court
Hudson's Bay Company
401 Bay Street
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Toronto, Ontario

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CORBY

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